

non-Federal retirement system the employee elected instead of Federal civilian retirement benefits or disability benefits received from the Department of Veterans Affairs.

**§ 550.705 Criteria for meeting the requirement for 12 months of continuous employment.**

(a) The requirement for 12 months of continuous employment is met if, on the date of separation, an employee has held one or more civilian Federal positions over a period of 12 months without a single break in service of more than 3 calendar days. The positions held must have been under:

(1) One or more qualifying appointments;

(2) One or more nonqualifying temporary appointments that precede the current qualifying appointment; or

(3) An appointment to a position in a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard that precedes the current qualifying appointment in the Department of Defense or the Coast Guard, respectively.

(b) When a break in service that is covered by severance pay interrupts otherwise continuous Federal employment, the entire period is considered continuous service.

(c) The period during which an employee receives continuation of pay or compensation for an injury on the job under chapter 81 of title 5, United States Code, is considered continuous Federal service.

[55 FR 6593, Feb. 26, 1990, as amended at 57 FR 12405, Apr. 10, 1992]

**§ 550.706 Criteria for meeting the requirement for involuntary separation.**

(a) Employees who resign because they expect to be involuntarily separated are considered to have been involuntarily separated if they resign after receiving:

(1) Specific written notice that they will be involuntarily separated, and the notice of separation is not cancelled before the resignation is effected; or

(2) A general written notice of reduction in force or transfer of function that announces that all positions in the competitive area will be abolished

or transferred to another commuting area.

(b) Except for resignations under the conditions described in paragraph (a) of this section, all resignations are voluntary separations and do not carry entitlement to severance pay.

**§ 550.707 Computation of severance pay.**

(a) *Basic severance pay allowance.* Except as provided in paragraph (b) of this section, the basic severance pay allowance consists of the following:

(1) One week of pay at the rate of basic pay for the position held by the employee at the time of separation for each full year of creditable service through 10 years;

(2) Two weeks of pay at the rate of basic pay for the position held by the employee at the time of separation for each full year of creditable service beyond 10 years; and

(3) Twenty-five percent of the otherwise applicable amount for each full 3 months of creditable service beyond the final full year.

(b) *Basic severance pay allowance for employees with variable work schedules or rates of pay.* The basic severance pay allowance is computed on the basis of the average rate of basic pay for the last position held during the 26 biweekly pay periods immediately preceding separation for an employee in a position:

(1) In which the work schedule regularly varies from full-time to part-time throughout the year;

(2) In which the rate of annual premium pay for standby duty varies throughout the year; or

(3) Under a prevailing rate schedule in which the work schedule regularly alternates between a day shift and a night shift throughout the year.

(c) *Age adjustment allowance.* The basic severance pay allowance is augmented by an age adjustment allowance consisting of 2.5 percent of the basic severance pay allowance for each full 3 months of age over 40 years.

**§ 550.708 Creditable service.**

The following types of service are creditable for computing an employee's severance pay under § 550.707:

(a) Civilian service performed by an employee;

(b) Service performed with the United States Postal Service or the Postal Rate Commission;

(c) Military service, including active or inactive training with the National Guard, when performed by an employee who returns to civilian service through the exercise of a restoration right provided by law, Executive order, or regulation; and

(d) Service performed by an employee of a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard, as defined in 5 U.S.C. 2105(c), who moves to a position within the civil service employment system of the Department of Defense or the Coast Guard, respectively, without a break in service of more than 3 days.

[55 FR 6593, Feb. 26, 1990, as amended at 57 FR 12405, Apr. 10, 1992; 58 FR 33499, June 18, 1993]

**§ 550.709 Payment of severance pay.**

(a) Each severance payment must be equal to the employee's rate of basic pay, less taxes and Medicare, and, when appropriate, contributions under the Federal Insurance Contributions Act (FICA). Payment must be made at the same pay period intervals salary would be paid if the employee were still employed. The final payment may be a partial payment consisting of that portion of the severance pay fund remaining from the employee's immediate entitlement of the balance of the lifetime limitation of 1 year.

(b) When an employee receives severance pay as the result of separation from a qualifying temporary appointment (that is, a temporary appointment effected within 3 days after separation from a qualifying permanent appointment), severance pay shall be paid in an amount equal to the rate of basic pay received at the time of separation from the qualifying temporary appointment.

(c) When an employee is in a nonpay status immediately before separation, basic pay is the pay the employee would have received if he or she had been in a pay status when separated.

**§ 550.710 Suspension of severance pay.**

(a) When an individual receiving severance pay is given one or more nonqualifying temporary appointments,

the severance pay is suspended on the day of the appointment. Severance pay begins again when the employee separates from the nonqualifying temporary appointment.

(b) When an individual who is eligible for severance pay is given a nonqualifying temporary appointment before severance payments begin, the severance payments do not begin until the employee is separated from the temporary appointment.

**§ 550.711 Termination of severance pay entitlement.**

Entitlement to severance pay ends when:

(a) An employee is appointed to the Federal Government under a qualifying appointment;

(b) The severance pay fund is exhausted; or

(c) The employee has received 1 year of severance pay.

**§ 550.712 Reemployment; recredit of service.**

(a) When a former employee is reemployed, the employing agency shall record on the appointment document the number of weeks of severance pay received (including partial weeks).

(b) If an employee again becomes entitled to severance pay, the agency in which entitlement arises shall recompute the severance pay allowance on the basis of all creditable service and current age and deduct from the number of weeks it would take to exhaust the allowance the number of weeks for which severance pay previously was received.

**§ 550.713 Records.**

Agencies shall maintain records, by fiscal year, of the number of employees who receive severance pay and the total amount of severance pay paid. When entitlement to severance pay arises as the result of contracting a Federal function to a private contractor, the affected agency also shall record the number of separated employees who go to work for the contractor within 90 days after the effective date of the contract. The Office of Personnel Management may require agencies to report such information to the Office.